

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
THURSDAY, JANUARY 24, 2008, 2:00 P.M.
Room W135, West Office Building, State Capitol Complex**

Members Present: Sen. Howard A. Stephenson, Co-Chair
 Rep. Bradley G. Last, Co-Chair
 Sen. Lyle W. Hillyard
 Sen. Patricia W. Jones
 Rep. Tim M. Cosgrove
 Rep. Lorie D. Fowlke
 Rep. Gage Froerer
 Rep. Ronda Rudd Menlove
 Rep. Karen W. Morgan
 Rep. Phil Riesen
 Rep. Aaron Tilton
 Rep. Carl Wimmer

Members Absent: Sen. Kevin T. VanTassell
 Rep. Brad L. Dee
 Rep. Gregory H. Hughes

Staff Present: Ben Leishman, Legislative Fiscal Analyst
 Patrick Lee, Legislative Fiscal Analyst
 Cherie Schmidt, Secretary

Public Speakers Present: Larry Shumway, Deputy Superintendent, USOE
 Nan Gray, State Director of Special Education
 Randy Schelble, Director of Special Education, Salt Lake School District
 Jan Ferre', Chair of the Legislative Coalition for People with Disabilities
 Loraine Whitcor, Director of Special Education, Morgan District
 Kris Fauson, Legislative Coalition for People with Disabilities
 Mary Shumway, Director of Student Services for Adult Education
 Tom Sachs, USOE Specialist

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Last called the meeting to order at 2:30 p.m.

1. **Minutes (January 16, 2008)** - The minutes were not available for approval.

2. **Unfinished Business from January 23, 2008** - There was no unfinished business from the previous meeting of January 23, 2008.
3. **Analyst Budget Presentation - Minimum School Program - Basic School Program** - Ben Leishman, Legislative Fiscal Analyst, gave a brief explanation of the contents of the book entitled, *Budget Analysis FY 2009*. Mr. Leishman began with the Budget Brief - Minimum School Program Overview. The Minimum School Program (MSP) provides state support for the operation and maintenance of Utah's public schools. The FY 2009 base budget for the Minimum School Program totals more than \$2.9 billion. Since 2005, the total MSP has increased approximately 37.4 percent. The Uniform School Fund provides the largest source of revenue, with \$2.3 billion. Local property tax revenue contributes \$592.1 million. Finally, the interest and dividends revenue generated from school trust funds provides \$21 million; however, that fund will increase to \$26.5 million. This Budget Brief also contains a table detailing the Minimum School Program 2008 General Session.

Mr. Leishman also referred to the Budget Brief - MSP Basic School Program. The Basic School Program acts as a series of large block grants to support the local provision of educational services. The WPU is the common factor used in distributing basic program revenues. School districts and Charter Schools generate WPUs based on their number of qualifying students or programs for each Basic School Program category. Currently in the Base Budget, there are 714,055 WPUs. Since 1994, the number of WPUs has increased 14.7 percent. The value of the WPU is established each year by the Legislature. When the value of the WPU is adjusted, the total cost of the Basic School Program increases or decreases. The current value of the WPU is \$2,514 per student. During this session, the Subcommittee members will discuss WPU value increases, and the value will change based on those discussions.

Mr. Leishman referred to the Issue Brief - Basic Budget and Student Enrollment Growth. This Issue Brief outlines what is contained in the Base Budget Bill, the increases for WPUs, and Below-the-Line Programs for student growth. A total of \$34.1 million in new ongoing revenue is included in H.B. 1. This Issue Brief also contains a table detailing which Below-the-Line Programs received increases with student enrollment growth of 2.4 percent.

The Issue Brief - Increasing the Value of the WPU provides detail on this cost for a 1 percent value increase. Estimates show that it will cost approximately \$25.5 million for every percent increase in WPU value. Increasing the Basic School Program by 1 percent will cost an estimated \$18.9 million in FY 2009. This funding provides an increase to all WPU driven programs. Several "Related to Basic School Programs" increase with the value of the WPU. Social Security & Retirement, Educator Salary Adjustments, and

Concurrent Enrollment increase at the same percent as the WPU driven programs. These Below-the-Line Programs have statutory language establishing automatic adjustments. An additional \$4.4 million is required to adjust these programs by 1 percent.

Also contained in this Issue Brief is a table entitled, "Weighted Pupil Unit History," which details the increase in value of the WPU and the total number of WPUs since 1994. Since 1994, the value of the WPU has increased from \$975 to \$1,539/WPU to the FY 2008 value of \$2,514. This represents a total increase in value of 63.3 percent. In the same time period, the total number of WPUs has grown from 622,372 in 1994 to 697,207 in FY 2008. This represents an increase of 74,835 to 697,835 WPUs, which is an increase of 12 percent.

The Issue Brief - Basic Levy: Local Contribution to the MSP was also discussed. This brief outlines the basic property tax rate that all school districts have to assess in order to participate in the Basic School Program and receive state allocation. Each year, the State of Utah requires school districts to "impose a minimum basic tax rate per dollar of taxable value," as the district's "contribution toward its costs of the basic program." This property tax is commonly referred to as the "Basic Levy." The actual tax rate imposed by school districts is referred to as the "Basic Rate" or "Minimum Basic Tax Rate." School districts must impose the Basic Rate in order to receive state funds allocated to the Basic School Program. Proceeds from the Basic Rate offset the cost of the Basic School Programs to the state. State funds are used to equalize the revenue differences between "richer" and "poorer" school districts. The Brief also includes a history of the Basic Rate since 1990. In 1994-1995 and 1995-1996, there were two pay reductions by the Legislature in tax cut and property taxes. Since those two tax cuts, the revenue has recovered back to where it was in 1994-1996.

Mr. Leishman stated that as mentioned in the meeting of January 16, there were three offsets to the cost of enrollment growth. One came from additional revenue through the Basic Tax Rate. When additional revenue comes in, the Minimum School Program requires less state money to fund the cost of the program. That additional revenue generated \$15.4 million offset in state funds. This amount was then applied this year to student enrollment growth.

Mr. Leishman also discussed Foreign Exchange Students. The grades K-12 Program base includes a total of 212 WPUs to reimburse school districts for foreign exchange students attending Utah's public high schools. This represents an increase of 37 students over the 175 funded in the FY 2008 appropriated budget. The Base Budget does not include enough WPU revenue to provide 1 WPU for every foreign exchange student enrolled in Utah's public schools. There is a statutory limit of the number of foreign exchange students at 328 statewide. Estimates are that this will be reached next year.

Mr. Leishman made reference to the MSP Non-lapsing Balances. Over the last several years, this non-lapsing balance has increased steadily. Basically, when fewer WPUs materialize than were estimated, it creates a balance in the Minimum School Program that is not allocated to school districts. The current balance at the end of FY 2007 was \$42.1 million. Of this, \$38.8 million is unencumbered, which means not spent. Mr. Leishman recommends that the Legislature evaluate this, and he also recommends that this become an option to offset some one-time costs in FY 2008 and FY 2009.

Another Issue Brief - Basic School Program Building Blocks was discussed. The State Board of Education will be requesting a number of different building blocks. Mr. Leishman highlighted two of these building blocks. The first is the Comprehensive Guidance Counseling Program. Last year an additional \$1 million was put into this program. This was to primarily reduce the ratios of counselors to students and also to bring more counselors into the schools. Additional requirements associated with individual student-planning and system support have impacted the workloads of Utah's school counselors. According to the State Board of Education's FY 2009 budget request for comprehensive guidance, "funding has not kept pace as new schools have implemented the program and as counselors have picked up additional responsibilities of U-PASS (Utah Performance Assessment System for Students). The Analyst recommends placing \$3 million in ongoing funding for Comprehensive Guidance Counseling on the Subcommittee's priorities list for FY 2009.

The second program Mr. Leishman highlighted is the Special Education State Program - Impact Aid.. Impact Aid is provided to districts and charter schools to support serving special education students whose extensive needs cost the district or charter school more than \$15,000 a year. School districts and charter schools must apply for impact aid each year. State impact aid funding provides some reimbursement for actual expenditures incurred by the district or charter school. This program has increased steadily over the last several years. Estimates indicate approximately \$4.4 million in costs in districts that exceed the \$15,000 threshold. The State Office of Education and the State Board are requesting \$3.2 million to address this need. The Analyst recommends the Subcommittee evaluate the impact of these expenditures on the school districts. State funding allocated through the WPU provides a basic mechanism to estimate the costs of educating an average student. However, additional WPU programs supplement this basic student-cost average base on defined student characteristics. The Subcommittee may wish to evaluate the WPU weightings provided for these special education students.

4. **Agency Comments & Recommendations** - Larry Shumway, Deputy Superintendent, USOE, presented this agenda item. The State Board of Education provided budget recommendations in three tiers that were not prioritized but were categorized. The items discussed were of importance in sustaining the system as it is. These items are intended

to keep things moving in their current state without substantial change. The State Board has consistently ranked funding enrollment growth as one of its highest priorities. Support is also appreciated to completely fund the Educator's Salary Adjustment. Transportation funding is also another of the Board's high priorities. The Carson-Smith Special Needs Scholarship Program is also a high priority. Deputy Superintendent Shumway also made reference to other items that require special attention. ProExcel has been discussed in previous years, but this year it seems to be going in a different direction. This program is coming in pieces of bills. H.B. 66, sponsored by Rep. Menlove, would be included in ProExcel as a priority. H.B. 67 would also be part of ProExcel and a high priority. H.B. 68 and H.B. 81 would also be considered part of a ProExcel related Bill. The Board is also strongly supporting the Math Initiative Bill. The Board also supports ELL and Family Literacy Bill.

Nan Gray, State Director of Special Education, addressed the Subcommittee. She stated that the FY 2009 State Supported Minimum School Program includes a request for an increase in the number of WPUs funded through the Restricted Basic Schools Programs, Special Education-State Programs. In special education, it is a requirement to provide services that students must have in order to attend school and receive an appropriate education. For 547 of the state's 61,166 students with disabilities, these services may necessarily include nursing, occupational therapy, physical therapy, speech and language services, and adaptive physical education. The actual education expenses for these students, above and beyond \$15,000 per year after any Medicaid reimbursements are subtracted, are meticulously calculated by each school district and charter school and submitted each June to the USOE. The cost of services for the 547 students far exceeds the amount of reimbursement that is currently available. A copy was provided to the Subcommittee members of how the reimbursements were made based on the students reported in June of 2007. This document detailed the Eligible High Cost of Special Education Services and the Total Reimbursement that were received from state and federal funding. Last year's actual expenses (above and beyond \$15,000) totaled \$4,394,108. The supplemental state funding allocated specifically for these students' needs was \$169,094. The maximum federal set aside for these students added \$999,950. That left a gap of \$3,225,064 or 73.4 percent. The requested increase in the number of WPUs for FY 2009 will provide the support the students with these critical needs require.

Randy Schelble, Director of Special Education in the Salt Lake School District, addressed the Subcommittee members and spoke in behalf of local school districts across the state and charter schools. Ms. Schelble stated that the Salt Lake School District serves and provides special education services for many students with disabilities. These services begin at age three and continue through age 22 with special education transition services. Ms. Schellble spoke of these services and how important it is for these high-

cost special students to receive the education they are entitled to. She also invited the Subcommittee members to visit some of the schools in the district to see the work that teachers and staff are doing.

Discussion among the Subcommittee members centered around questions concerning data on the number of these students receiving Medicaid, the shortage of special education teachers, and federal government funding. Ms. Gray stated that she would obtain this data and report back to the Subcommittee in a future meeting. It was also suggested that funding include pre-school students. Ms. Gray stated that the request is targeted at the students who need the money the most. Data was also requested concerning the student growth in special education versus regular student growth.

5. **Public Comment** - Jan Ferre', Chair of the Legislative Coalition for People with Disabilities, spoke to the Subcommittee in support of Special Education. Ms. Ferre' read a testimony written by Julia Pierce concerning her son and the many services he has received because of teachers and staff working with him in special education classes. Loraine Whitcor, Director of Special Education in Morgan District, spoke in behalf of rural school districts and their need for special education funding. She provided a handout entitled, *High Cost Risk Pool Data Collection 2006-2007*, which details a summary report of the students who require additional help and support. Ms. Whitcor stated that there is a critical need for additional funding in the rural districts. Kris Fauson with the Legislative Coalition for People with Disabilities also gave testimony in support of this program.

Larry Shumway, Deputy Superintendent of the USOE, mentioned Comprehensive Guidance. He stated that the Subcommittee recognize that in this area the shift is not only in the reduction in the FTE but also in the change in responsibilities for guidance counselors. As guidance counselors have seen their roles change, there is a significant need for increased FTE. The State Board's recommendation is \$9 million. He also stated that the State Board's total request is \$560 million. Co-Chair Last requested a copy be given to the Subcommittee of the State Board's prioritization funding.

Mary Shumway, Director of Student Services for Adult Education, addressed a question asked by Rep. Menlove regarding a need for guidance counselors in elementary schools and the need for funding to pay for those counselors. Ms. Shumway indicated that there is a need for counselors and funding. Rep. Menlove voiced her support for this proposal.

Discussion from the Subcommittee members also centered around the concern of guidance counselors and their increased duties and responsibilities and the ratios of spending actual time in counseling.

Tom Sachs, USOE Specialist, also spoke in support of guidance counselors.

6. **Other Committee Business** - Co-Chair Last asked the Subcommittee members to note the schedule of the next meeting which is January 28, 2008.

7. **Adjourn**

MOTION: Rep. Fawlke moved to adjourn.

Co-Chair Last adjourned the meeting at 4:10 p.m.

Minutes were reported by Cherie Schmidt, Secretary

Sen. Howard Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair